



HOUSE BILL No. 1009

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1; IC 6-3.5-1.5-1; P.L.234-2007, SECTION 301.

Synopsis: Tax procedures. Authorizes the department of local government finance (DLGF) and local governments to take certain actions related to property taxes first due and payable in 2007. Extends to October 15, 2007, the deadline for filing for the homestead credit and various deductions for taxes first due and payable in 2008. Provides that a taxpayer is not required to have an appraisal of tangible property in order to initiate and prosecute an administrative review of the assessment of the property. Extends to December 31, 2007, the deadline applicable in 2007 for adopting the local option income taxes for freezing levy growth, for public safety, and for property tax relief. Provides that an ordinance to impose such a local option income tax that was adopted after the August 1 deadline for adoption is legalized and validated. Deletes the requirement that, for purposes of calculating a local option income tax rate to freeze levy growth, the DLGF shall round up to the nearest 0.1%. Provides that the additional 2008 homestead credit shall be applied before the application of any local property tax replacement credits or increases in the homestead credit percentage that are funded by the local option income tax for property tax relief. Makes a technical correction to the assessed value growth quotient statute. Provides that if the balance available in the property tax reduction trust fund is insufficient to pay the spring installment of the additional 2008 homestead credit, the auditor of state shall transfer the amount necessary from the state general fund. Requires the amount of the transfers to be repaid from the property tax reduction trust fund to the state general fund according to a schedule determined by the budget agency.

Effective: Upon passage; January 1, 2007 (retroactive); July 1, 2007 (retroactive).

Crawford

November 20, 2007, read first time.

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Introduced

Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.

HOUSE BILL No. 1009

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-15-1, AS AMENDED BY P.L.219-2007,
2 SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE] : Sec. 1. (a) A taxpayer may obtain a review by the
4 county board of a county or township official's action with respect to
5 the assessment of the taxpayer's tangible property if the official's action
6 requires the giving of notice to the taxpayer. At the time that notice is
7 given to the taxpayer, the taxpayer shall also be informed in writing of:

8 (1) the opportunity for a review under this section, including a
9 meeting under subsection (h) with the county or township official
10 referred to in this subsection; and

11 (2) the procedures the taxpayer must follow in order to obtain a
12 review under this section.

13 (b) In order to obtain a review of an assessment effective for the
14 assessment date to which the notice referred to in subsection (a)
15 applies, the taxpayer must file a notice in writing with the county or
16 township official referred to in subsection (a) not later than forty-five
17 (45) days after the date of the notice referred to in subsection (a).

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(c) A taxpayer may obtain a review by the county board of the assessment of the taxpayer's tangible property effective for an assessment date for which a notice of assessment is not given as described in subsection (a). To obtain the review, the taxpayer must file a notice in writing with the township assessor of the township in which the property is subject to assessment. The right of a taxpayer to obtain a review under this subsection for an assessment date for which a notice of assessment is not given does not relieve an assessing official of the duty to provide the taxpayer with the notice of assessment as otherwise required by this article. For an assessment date in a year before 2009, the notice must be filed on or before May 10 of the year. For an assessment date in a year after 2008, the notice must be filed not later than the later of:

- (1) May 10 of the year; or
- (2) forty-five (45) days after the date of the statement mailed by the county auditor under IC 6-1.1-17-3(b).

(d) A change in an assessment made as a result of a notice for review filed by a taxpayer under subsection (c) after the time prescribed in subsection (c) becomes effective for the next assessment date. A change in an assessment made as a result of a notice for review filed by a taxpayer under subsection (b) or (c) remains in effect from the assessment date for which the change is made until the next assessment date for which the assessment is changed under this article.

(e) The written notice filed by a taxpayer under subsection (b) or (c) must include the following information:

- (1) The name of the taxpayer.
- (2) The address and parcel or key number of the property.
- (3) The address and telephone number of the taxpayer.

(f) A county or township official who receives a notice for review filed by a taxpayer under subsection (b) or (c) shall immediately forward the notice to the county board.

(g) The county board shall hold a hearing on a review under this subsection not later than one hundred eighty (180) days after the date of the notice for review filed by the taxpayer under subsection (b) or (c). The county board shall, by mail, give notice of the date, time, and place fixed for the hearing to the taxpayer and the county or township official with whom the taxpayer filed the notice for review. The taxpayer and the county or township official with whom the taxpayer filed the notice for review are parties to the proceeding before the county board.

(h) Before the county board holds the hearing required under subsection (g), the taxpayer may request a meeting by filing a written

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request with the county or township official with whom the taxpayer filed the notice for review to:

- (1) attempt to resolve as many issues under review as possible; and
- (2) seek a joint recommendation for settlement of some or all of the issues under review.

A county or township official who receives a meeting request under this subsection before the county board hearing shall meet with the taxpayer. The taxpayer and the county or township official shall present a joint recommendation reached under this subsection to the county board at the hearing required under subsection (g). The county board may adopt or reject the recommendation in whole or in part.

(i) At the hearing required under subsection (g):

- (1) the taxpayer may present the taxpayer's reasons for disagreement with the assessment; and
- (2) the county or township official with whom the taxpayer filed the notice for review must present:
 - (A) the basis for the assessment decision; and
 - (B) the reasons the taxpayer's contentions should be denied.

(j) The county board may not require a taxpayer to file documentary evidence or summaries of statements of testimonial evidence before the hearing required under subsection (g). **If the action for which a taxpayer seeks review under this section is the assessment of tangible property, the taxpayer is not required to have an appraisal of the property in order to do the following:**

- (1) Initiate the review.**
- (2) Prosecute the review.**

(k) Regardless of whether the county board adopts a recommendation under subsection (h), the county board shall prepare a written decision resolving all of the issues under review. The county board shall, by mail, give notice of its determination not later than one hundred twenty (120) days after the hearing under subsection (g) to the taxpayer, the county assessor, and the township assessor.

(l) If the maximum time elapses:

- (1) under subsection (g) for the county board to hold a hearing; or
- (2) under subsection (k) for the county board to give notice of its determination;

the taxpayer may initiate a proceeding for review before the Indiana board by taking the action required by section 3 of this chapter at any time after the maximum time elapses.

SECTION 2. IC 6-1.1-15-3, AS AMENDED BY P.L.219-2007, SECTION 39, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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UPON PASSAGE]: Sec. 3. (a) A taxpayer may obtain a review by the Indiana board of a county board's action with respect to the following:

- (1) The assessment of that taxpayer's tangible property if the county board's action requires the giving of notice to the taxpayer.
- (2) The exemption of that taxpayer's tangible property if the taxpayer receives a notice of an exemption determination by the county board under IC 6-1.1-11-7.

(b) The county assessor is the party to the review under this section to defend the determination of the county board. At the time the notice of that determination is given to the taxpayer, the taxpayer shall also be informed in writing of:

- (1) the taxpayer's opportunity for review under this section; and
- (2) the procedures the taxpayer must follow in order to obtain review under this section.

(c) A county assessor who dissents from the determination of an assessment or an exemption by the county board may obtain a review of the assessment or the exemption by the Indiana board.

(d) In order to obtain a review by the Indiana board under this section, the party must, not later than forty-five (45) days after the date of the notice given to the party or parties of the determination of the county board:

- (1) file a petition for review with the Indiana board; and
- (2) mail a copy of the petition to the other party.

(e) The Indiana board shall prescribe the form of the petition for review of an assessment determination or an exemption by the county board. The Indiana board shall issue instructions for completion of the form. The form and the instructions must be clear, simple, and understandable to the average individual. A petition for review of such a determination must be made on the form prescribed by the Indiana board. The form must require the petitioner to specify the reasons why the petitioner believes that the assessment determination or the exemption determination by the county board is erroneous.

(f) If the action for which a taxpayer seeks review under this section is the assessment of tangible property, the taxpayer is not required to have an appraisal of the property in order to do the following:

- (1) Initiate the review.**
- (2) Prosecute the review.**

SECTION 3. IC 6-1.1-18.5-2, AS AMENDED BY P.L.224-2007, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) As used in this section, "Indiana nonfarm personal income" means the estimate of total nonfarm

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personal income for Indiana in a calendar year as computed by the federal Bureau of Economic Analysis using any actual data for the calendar year and any estimated data determined appropriate by the federal Bureau of Economic Analysis.

(b) Subject to subsection (c), for purposes of determining a civil taxing unit's maximum permissible ad valorem property tax levy for an ensuing calendar year, the civil taxing unit shall use the assessed value growth quotient determined in the last STEP of the following STEPS:

STEP ONE: For each of the six (6) calendar years immediately preceding the year in which a budget is adopted under IC 6-1.1-17-5 for the ensuing calendar year, divide the Indiana nonfarm personal income for the calendar year by the Indiana nonfarm personal income for the calendar year immediately preceding that calendar year, rounding to the nearest one-thousandth (0.001).

STEP TWO: Determine the sum of the STEP ONE results.

STEP THREE: Divide the STEP TWO result by six (6), rounding to the nearest one-thousandth (0.001).

STEP FOUR: Determine the lesser of the following:

(A) The STEP THREE quotient.

(B) One and six-hundredths (1.06).

(c) This subsection applies only to civil taxing units in Lake County. Notwithstanding any other provision, for property taxes first due and payable after December 31, 2007, the assessed value growth quotient used to determine a civil taxing unit's maximum permissible ad valorem property tax levy under this chapter for a particular calendar year is ~~zero (0)~~ **one (1)** unless a tax rate of one percent (1%) will be in effect under IC 6-3.5-1.1-26 or IC 6-3.5-6-32 in Lake County for that calendar year.

SECTION 4. IC 6-3.5-1.5-1, AS ADDED BY P.L.224-2007, SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) The department of local government finance and the department of state revenue shall, before July 1 of each year, jointly calculate the county adjusted income tax rate or county option income tax rate (as applicable) that must be imposed in a county to raise income tax revenue in the following year equal to the sum of the following STEPS:

STEP ONE: Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the sum of the maximum permissible ad valorem property tax levies calculated under IC 6-1.1-18.5 for all political subdivisions in the county for the ensuing calendar year

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(before any adjustment under IC 6-1.1-18.5-3(g) or IC 6-1.1-18.5-3(h) for the ensuing calendar year); minus
(2) the sum of the maximum permissible ad valorem property tax levies calculated under IC 6-1.1-18.5 for all political subdivisions in the county for the current calendar year.

In the case of a civil taxing unit that is located in more than one (1) county, the department of local government finance shall, for purposes of making the determination under this subdivision, apportion the civil taxing unit's maximum permissible ad valorem property tax levy among the counties in which the civil taxing unit is located.

STEP TWO: Determine the greater of zero (0) or the result of:

- (1) the department of local government finance's estimate of the family and children property tax levy that will be imposed by the county under IC 12-19-7-4 for the ensuing calendar year (before any adjustment under IC 12-19-7-4(b) for the ensuing calendar year); minus
- (2) the county's family and children property tax levy imposed by the county under IC 12-19-7-4 for the current calendar year.

STEP THREE: Determine the greater of zero (0) or the result of:

- (1) the department of local government finance's estimate of the children's psychiatric residential treatment services property tax levy that will be imposed by the county under IC 12-19-7.5-6 for the ensuing calendar year (before any adjustment under IC 12-19-7.5-6(b) for the ensuing calendar year); minus
- (2) the children's psychiatric residential treatment services property tax imposed by the county under IC 12-19-7.5-6 for the current calendar year.

STEP FOUR: Determine the greater of zero (0) or the result of:

- (1) the department of local government finance's estimate of the county's maximum community mental health centers property tax levy under IC 12-29-2-2 for the ensuing calendar year (before any adjustment under IC 12-29-2-2(c) for the ensuing calendar year); minus
- (2) the county's maximum community mental health centers property tax levy under IC 12-29-2-2 for the current calendar year.

(b) In the case of a county that wishes to impose a tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) for the first time, the department of local government finance and the department of state revenue shall jointly estimate the amount that will be calculated under

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subsection (a) in the second year after the tax rate is first imposed. The department of local government finance and the department of state revenue shall calculate the tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) that must be imposed in the county in the second year after the tax rate is first imposed to raise income tax revenue equal to the estimate under this subsection.

(c) The department and the department of local government finance shall make the calculations under subsections (a) and (b) based on the best information available at the time the calculation is made.

~~(d) For purposes of calculating a tax rate under this section, the department of local government shall round up to the nearest one-tenth of one percent (0.1%).~~

SECTION 5. P.L.234-2007, SECTION 301, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: SECTION 301. (a) The definitions in IC 6-1.1-1, IC 6-1.1-20.9, and IC 6-1.1-21 apply throughout this SECTION.

(b) Subject to appropriation of money from the property tax reduction trust fund for an additional 2008 homestead credit, the department of local government finance shall calculate and certify to the department of state revenue and the county auditor of each county an additional homestead credit amount for property taxes first due and payable in 2008. The department of local government finance shall certify to the county auditor of each county the percentage that will apply in each taxing district to provide the additional 2008 homestead credit to taxpayers in the taxing district. The department of local government finance, the department of state revenue, and the property tax replacement fund board shall take the actions necessary to apply the additional 2008 homestead credit under this SECTION.

(c) The additional homestead credit under this SECTION shall be applied:

(1) before the application of any local property tax replacement credits provided in a county under IC 6-3.5-1.1-26(f) or IC 6-3.5-6-32(f) for property taxes first due and payable in 2008; and

(2) before the application of any increase in the homestead credit percentage in a county under IC 6-3.5-1.1-26(f) or IC 6-3.5-6-32(f) for property taxes first due and payable in 2008.

~~(c)~~ (d) This SECTION expires July 1, 2009.

SECTION 6. [EFFECTIVE UPON PASSAGE] **(a) Any action taken by the department of local government finance before the effective date of this SECTION to do any of the following with**

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respect to property taxes first due and payable in 2007 in any county is legalized and validated:

(1) Halt billing and collection.

(2) Invalidate the certification under IC 6-1.1-17-16(f) of the department's actions concerning budgets, rates, and levies.

(3) Revise and reissue certifications referred to in subdivision (2).

(4) Require the preparation and delivery under IC 6-1.1-22-5 of an abstract that is based on the assessed values determined in a reassessment:

(A) performed by; or

(B) ordered by;

the department of local government finance under IC 6-1.1-4 or IC 6-1.1-14.

(5) Allow payments of installments on dates and in amounts different from the dates and amounts that applied in an earlier issuance of tax statements by the county.

(6) Allow the issuance of reconciling property tax statements to reconcile the payment of different amounts referred to in subdivision (5) as compared to the amounts finally determined to be due and payable.

(7) Waive all or part of a penalty under IC 6-1.1-37-10.

(b) The department of local government finance may take any action listed in subsection (a) on or after the effective date of this SECTION with respect to property taxes first due and payable in 2007 in any county.

(c) Any action taken before the effective date of this SECTION by a unit of local government or a public official on behalf of a unit of local government that:

(1) is in response to; and

(2) is consistent with;

an action of the department of local government finance referred to in subsection (a) is legalized and validated.

(d) A unit of local government or a public official on behalf of a unit of local government may take any action on or after the effective date of this SECTION that:

(1) is in response to; and

(2) is consistent with;

an action of the department of local government finance referred to in subsection (a) or (b).

SECTION 7. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]

(a) Notwithstanding the deadlines in the following statutes, the

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1 deadline with respect to real property for filing the statement to
 2 apply for a deduction or a credit under any of the following
 3 statutes for property taxes first due and payable in 2008 is October
 4 15, 2007:

- 5 (1) IC 6-1.1-12-2(a).
- 6 (2) IC 6-1.1-12-10.1(a).
- 7 (3) IC 6-1.1-12-12(a).
- 8 (4) IC 6-1.1-12-15(a).
- 9 (5) IC 6-1.1-12-17.
- 10 (6) IC 6-1.1-12-17.5(a).
- 11 (7) IC 6-1.1-12-27.1.
- 12 (8) IC 6-1.1-12-30.
- 13 (9) IC 6-1.1-20.9-3(a).

14 (b) Notwithstanding the deadline in IC 6-1.1-12-35.5(a), the
 15 deadline with respect to real property for filing the statement
 16 under IC 6-1.1-12-35.5(a) to apply for a deduction or a credit
 17 authorized by either of the following statutes for property taxes
 18 first due and payable in 2008 is October 15, 2007:

- 19 (1) IC 6-1.1-12-33.
- 20 (2) IC 6-1.1-12-34.

21 (c) A person entitled to receive a credit under IC 6-1.1-20.9 for
 22 property taxes first due and payable in 2008 under the filing of a
 23 statement as permitted under subsection (a)(9) is entitled to the
 24 standard deduction for that year under IC 6-1.1-12-37 in the same
 25 amount and in the same manner that would have applied if the
 26 person had met the deadline under IC 6-1.1-20.9-3(a) to apply for
 27 the credit for that year.

28 (d) This SECTION expires January 1, 2009.

29 SECTION 8. [EFFECTIVE JULY 1, 2007 (RETROACTIVE)] (a)
 30 Notwithstanding any provision in IC 6-3.5-1.1 (including the
 31 August 1 deadlines applicable under IC 6-3.5-1.1-24(a),
 32 IC 6-3.5-1.1-24(b), IC 6-3.5-1.1-25(i), and IC 6-3.5-1.1-26(e)), a
 33 county council may in 2007 adopt an additional county adjusted
 34 gross income tax rate under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or
 35 IC 6-3.5-1.1-26 at any time before January 1, 2008.

36 (b) Notwithstanding any provision in IC 6-3.5-6 (including the
 37 August 1 deadlines applicable under IC 6-3.5-6-30(a),
 38 IC 6-3.5-6-30(b), IC 6-3.5-6-31(i), and IC 6-3.5-6-32(e)), a county
 39 income tax council or county council, as applicable, may in 2007
 40 adopt an additional county option income tax rate under
 41 IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32 at any time before
 42 January 1, 2008.

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(c) An ordinance to impose an additional county adjusted gross income tax rate under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26 or an additional county option income tax rate under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32 is legalized and validated if:

(1) the ordinance was adopted after the August 1 deadline applicable under IC 6-3.5-1.1-24(a), IC 6-3.5-1.1-24(b), IC 6-3.5-1.1-25(i), IC 6-3.5-1.1-26(e), IC 6-3.5-6-30(a), IC 6-3.5-6-30(b), IC 6-3.5-6-31(i), or IC 6-3.5-6-32(e);

(2) the ordinance was adopted before the effective date of this SECTION; and

(3) except for the requirement that the ordinance be adopted by the August 1 deadline, the ordinance was adopted as required by law.

(d) Notwithstanding any provision of IC 6-3.5-1.1 or IC 6-3.5-6, any additional county adjusted gross income tax rate adopted in 2007 under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26 and any additional county option income tax rate adopted in 2007 under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32 takes effect as follows:

(1) In the case of an ordinance adopted before October 1, 2007, the tax rate takes effect October 1, 2007.

(2) In the case of an ordinance adopted after September 30, 2007, and before October 16, 2007, the tax rate takes effect November 1, 2007.

(3) In the case of an ordinance adopted after October 15, 2007, and before November 16, 2007, the tax rate takes effect December 1, 2007.

(4) In the case of an ordinance adopted after November 15, 2007, and before January 1, 2008, the tax rate takes effect January 1, 2008.

SECTION 9. [EFFECTIVE UPON PASSAGE] (a) If the balance available in the property tax reduction trust fund is insufficient to pay at least one hundred twelve million dollars (\$112,000,000) in the state fiscal year ending June 30, 2008, as additional 2008 homestead credits under P.L.234-2007, SECTION 301, the auditor of state shall transfer from the state general fund to the property tax reduction trust fund the difference between one hundred twelve million dollars (\$112,000,000) and the balance available in the property tax reduction trust fund. The amount necessary to make the transfer required by this subsection is appropriated from the state general fund.

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1 (b) If any amounts are transferred to the property tax reduction
2 trust fund under subsection (a), the auditor of state shall transfer
3 from the property tax reduction trust fund to the state general
4 fund the amount necessary to repay the amount transferred to the
5 property tax reduction trust fund. Any repayment transfers
6 required by this subsection shall be made according to a schedule
7 determined by the budget agency. The amount necessary to make
8 any repayment transfers required by this subsection is
9 appropriated from the property tax reduction trust fund.

10 SECTION 10. An emergency is declared for this act.

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